



TSA-02-11334-42

United States Department of Transportation  
TRANSPORTATION SECURITY ADMINISTRATION

400 Seventh Street, S.W.  
Washington D.C. 20590

OCT 28 2002

DEPT. OF TRANSPORTATION  
02 NOV -0 AM 11:31

The Honorable Fred Thompson  
United States Senator  
3322 West End Avenue, Suite 120  
Nashville, TN 37203

Dear Senator Thompson:

Thank you for your letter of July 25, 2002, regarding a request by Mr. Fred S. Breeden, Chief Financial Officer of Corporate Airlines, that the Transportation Security Administration (TSA) reduce his company's Aviation Security Infrastructure Fee in consideration of its reduced business.

As you know, Congress was aware of the economic conditions facing the aviation industry when it enacted the Aviation and Transportation Security Act (ATSA) on November 19, 2001. At that time, Congress selected the airlines' own calendar year 2000 costs for screening passengers and property as the benchmark for the fee to be imposed on carriers to pay for the difference in the costs of providing civil aviation security services (specified in ATSA) and the revenues raised by TSA's September 11 Security Fee. Therefore, as directed by Section 118 of ATSA, TSA issued a regulation, 49 CFR Part 1511, that imposes the Aviation Security Infrastructure Fee on air carriers and foreign air carriers engaged in air transportation and intrastate air transportation based on the carriers' own costs for screening passengers and property in calendar year 2000. Thus far, this amount has been determined by the cost information self-reported by the carriers.

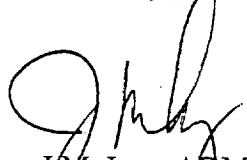
TSA is aware that many of the carriers paying the Aviation Security Infrastructure Fee are operating at a lower level than they were in 2000, that some airlines are operating at a greater level, and that a few new airlines do not fall under the fee at all. TSA does not oppose the concept of adjusting the Aviation Security Infrastructure Fee based on current economic factors. However, ATSA does not allow TSA to apportion the fee according to market share or any other method until fiscal year 2005. Therefore, we are unable to resolve the situation as Corporate Airlines suggests.

We are well aware of the equity issues raised by the current situation. TSA submitted to Congress a legislative technical corrections package in July. The proposed language in this package would remedy the situation raised by Corporate Airlines and other carriers by allowing TSA to apply the market share methodology immediately upon enactment.

TSA is currently awaiting congressional action on this proposal. If Corporate Airlines requires additional assistance, they may contact Randall Fiertz, Acting Director, Office of Revenue, at (202) 385-1209.

Again, thank you for your inquiry. If you need further information or assistance, please call Mr. Sean B. O'Hollaren, Departmental Assistant Secretary for Governmental Affairs, at (202) 366-9714.

Sincerely yours,

A handwritten signature in black ink, appearing to read "J.M. Loy". The signature is stylized with a large, looped initial "J" and a cursive "M" and "Loy".

J.M. Loy, ADM  
Acting Under Secretary of  
Transportation for Security

FRED THOMPSON  
TENNESSEE

COMMITTEES:  
GOVERNMENTAL AFFAIRS  
FINANCE  
INTELLIGENCE

## United States Senate

WASHINGTON, DC 20510-4204  
<http://thompson.senate.gov>

July 25, 2002

Mr. Sean O'Hollaran  
Deputy Assistant Secretary for Governmental Affairs  
U.S. Department of Transportation  
Room 10408 (I-10)  
400 Seventh Street, S. W.  
Washington, D.C. 20590

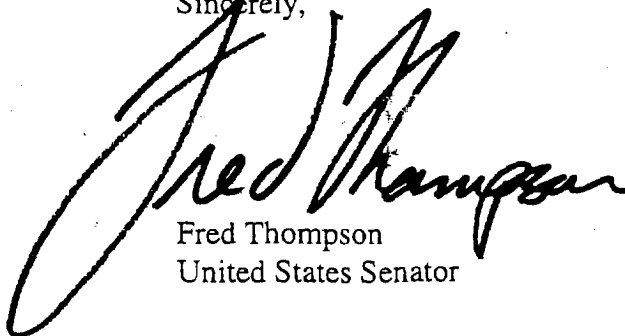
Dear Mr. O'Hollaran:

I am writing on behalf of my constituent, Fred S. Breeden. He has requested my assistance regarding the status of his request of variance in the regard that his company's security charges would reflect only the routes they currently operate. My office is concerned only with the status of his request for a variance that was submitted to Mr. Randall Fiertz. For your information, I have enclosed correspondence which has been received concerning this matter.

I would appreciate your reviewing the enclosed materials and advising me of your assessment of this situation so that I may share your response with my constituent. If additional information is needed, please advise David Gilbert at 3322 West End Avenue, Suite 120, Nashville, TN 37203.

I appreciate your help in this matter. I look forward to hearing from you soon.

Sincerely,



Fred Thompson  
United States Senator

FT:dg

Enclosure